

Purchasers who did not pay the appropriate amount of Use Tax or Service Use Tax liability to their suppliers on qualifying purchases of production related tangible personal property and want to utilize accumulated MPC to satisfy that liability, should report the use of that MPC both on Form ST-17 and on line 16(a) of Form ST-1. See 86 Ill. Adm. Code 130.331. (This is a GIL).

May 6, 1999

Dear Xxxxx:

This letter is in response to your letter dated March 19, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

According to your February 8, 1999 letter regarding the Manufacturer's Purchase Credit, we need further clarification on the reporting of the Manufacturer's Purchase Credit on the ST-1 and the ST-17. Under question 2, you indicated that '[b]y filing amended returns (instead of current ST-1s like retailers) the purchaser's reported use of MPC on its ST-1s and ST-1-Xs will match the amounts of MPC reported as used on those purchaser's ST-17s and ST-17-Xs for the same periods.'

When reporting our MPC used figures on the ST-17, we have been including both the credit that the purchaser self-assesses AND the credit that the purchaser gave to the Retailer. If the Retailer reports the sales on their original sales and use tax returns is it necessary for the Purchaser to report this SAME purchase on their sales and use tax return? If the Retailer is the only party to report this transaction on the ST-1, then line 16A of the purchaser's return will NEVER match the ST-17 as you indicated in your letter.

For example, we purchased \$1000.00 of lubricants. We gave the vendor a statement that we were using the MPC to satisfy the liability. Therefore, the vendor did not charge us the 6.25%. The vendor reported this sale on the ST-1 line 16A. We will include this purchase on our ST-17. Does this transaction also need to be reported on our ST-1, line 16A?

We appreciate your assistance in this matter. Please feel free to contact me at #### if you have any questions.

Please note that the specific information you referenced from my letter to you dated February 8, 1999 concerned purchasers who self-assess Use Tax or

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Service Use Tax liability directly to the Department. See generally 86 Ill. Adm. Code 130.331. The example given in your most recent letter concerns a purchaser who is not self-assessing the appropriate State tax liability directly to the Department, but instead is paying the liability to a supplier.

Purchasers that satisfy their Use Tax or Service Use Tax liability on a purchase of production related tangible personal property by using accumulated MPC with a supplier do not need to report that amount on line 16(a) of Form ST-1. However, that amount of MPC must be included in the appropriate month on the Purchaser's ST-17.

Purchasers who did not pay the appropriate amount of State Use Tax or Service Use Tax liability to their suppliers on qualifying purchases of production related tangible personal property and want to utilize accumulated MPC to satisfy that liability, should report the use of that MPC both on Form ST-17 and on line 16(a) of Form ST-1.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk
Enc.